

FREMONT BUDGET COMMITTEE MEETING
Fremont Town Hall
295 Main Street
Fremont, NH 03044
October 22, 2014
7:00 PM

I CALL TO ORDER

Chair Mike Nygren called the October 22, 2014 Budget Committee meeting to order at 7:00 PM on the main floor of Fremont Town Hall.

Present were: Budget Committee members Mary Anderson, Gene Cordes (arriving at 7:04 PM), Neal Janvrin, Mark Kidd, Pat Martel, Mike Nygren, and Tyra Vargas, Andy Kohlhofer (filling in for Greg Fraize), Fremont School Superintendent Betsey Cox-Buteau, and Financial Administrator Susan Penny.

II. MINUTES OF OCTOBER 8, 2014

Neal Janvrin made a motion to postpone the minutes of October 8, 2014. Mark Kidd seconded the motion. Motion passed 7:0.

III. BUDGET QUESTIONS

Mr. Nygren requested that the following questions be posed to Heidi Carlson:

1. 4312 HIGHWAY DEPARTMENT

4312940 Building Maintenance:

2014 Spent to 9/18/14 shows \$4,519.65 but nothing was requested by the Department. This either meant that there were no plans to keep up the maintenance of the facility or that they would pay for it and to see what was left over and explain it. Mr. Nygren felt that at least a dollar should be requested to keep the line open but he suggested putting the amount that the Department thought it would need for the year.

2. The status of any pay raises.

3. The Status of having a Warrant Article to increase the pay for the Road Agent. Mr. Cordes said that the Warrant Article would be done but the Warrant had not yet been drawn up.

IV. SCHOOL BUDGET

Ms. Anderson asked if some of the surplus (\$465,000 from the last 3 years) had been used towards the MS-25. Sue Penny explained that the DOE 25 was submitted each year by September 1. In this report included the unreserved fund balance (what was left over). The MS 24 listed sources of revenue. The difference between the expenditures and sources of revenue was what the town had to raise. This year, the unreserved fund balance to be applied to revenues was \$467,500.18. \$114,563 was specific to FY14; \$352,937 was past year's. Ms. Anderson was concerned that the FY14 audit was not done yet and that there may or may not be more than the \$114,563 (to reduce taxes this year) next year after the FY14 audit would be done. Ms. Penny said she did a lot of clean up closing the year before doing the MS 25 that was sent to the NH DOE to reduce taxes. Due to server problems at the SAU, the auditors would be starting the audit a week from next. The goal was to have the audits at the SAU next August/September and the following year have them in August. Ms. Anderson said, as a taxpayer, she was happy that there was over \$350,000 in surplus, which should cause a reduction in taxes this year, but she found it misleading since, if appropriated similarly, it could be higher next year (the amount should have been applied to FY12-13). She reasoned that the end-of-year audit should be done before the tax rate was set (e.g. in August), as was her experience with school systems, though Dr. Cox-Buteau and Ms. Penny said that not all Districts have audits ready then.

Ms. Penny clarified that the Town will be raising \$10,748,346 on behalf of the school for FY14-15; this was after the \$467,500 was applied for revenues; she was not sure of a reduction in tax rate. The budget was about \$700,000 more than the previous year and the spike was caused by the Sanborn tuition. A contingency fund was being used (money was appropriated in FY13-14 for tuition and health insurance, and decisions

Committee approved on November 19, 2014

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were School Board-based). The previous deposit into this fund was the GMR (not as many students attended Sanborn high school as what was thought). The Fremont school budget had to be based on the original GMR (given in the Fall) even if it comes in lower (after Sanborn's meeting). They base it on the number of students attending Sanborn who should return the next year; this year saw some families move, etc. so that there was a reduction in enrollment (but the budget had to remain just in case). Ms. Anderson said there would have been a good tax decrease if not for the increase in Sanborn high school tuition. She expressed concern that nothing was being approved in the Town and that people were voting with their pocket books.

Dr. Cox-Buteau said it looked like the school budget was down by 1%. This included \$100,000 to abate the asbestos. She asked about the GMR for tuition rate... alleviate having to budget that money if there was a trust fund for tuition (e.g. a savings account) to pull from. This would keep the budget more steady. She also asked the Budget Committee's advice on how to pay for the asbestos abatement (estimated at up to \$110,000 and necessary to do before the science lab was put in): to take it out of the surplus in the contingency fund this year or keep it in next year's budget. There was discussion. Mr. Cordes asked about the time to do the abatement. Dr. Cox-Buteau said it would take 3-4 weeks to complete, which could be done immediately after school let out, then tiling would be done and cleaning before school began. There was a reserve fund of about \$23,000 (\$10,000 goes in there each year – but some was used to change the type of windows per insurance requirement).

The Sanborn tuition was currently \$16,000-\$17,000, including capital costs for a Regular Education student; \$25,000 for a Special Education student. When the enrollment went down, the capital cost per student and tuition increased. There remained 13 years in the tuition agreement. Ms. Anderson requested historical information on the increase in high school tuition cost. The Fremont School Board was trying to work with Sanborn. Options included going to the Commissioner and stating a difference of opinion on the interpretations of the tuition agreement (not a strong case since attempts were made and there was a statute of limitations) and negotiations/MOU on Special Education (charges for students with 504s which should not be paid for by Fremont). The agreement stated that for every identified student, 50% of the tuition would be rate again, and on top of that will be paid for Para-professionals, specialized equipment, and specialized referral issues (there was a cost of \$47,000 for one Para-professional). Ms. Anderson expressed concern that Fremont had no control about the tuition, even with a decline in enrollment. Mr. Kohlhofer noted that previous School Boards tried to resolve issues to no avail. Of concern was that the tuition agreement was not originally presented to the Budget Committee. The School Board was working on this. Ms. Anderson suggested having preliminary audit work done in the spring.

Mr. Kidd mentioned that, per RSA 32:10, the governing body was supposed to sign off on line item transfers and he was concerned that this was not being done. Dr. Cox-Buteau explained that Policy (BDF?) DBJ stated that the Superintendent had the authority to transfer up to \$2,000, however a prior School Board had suspended that policy and it was not recorded properly so the new administration was unaware. Since that was discovered, the governing body has been signing all the transfers (they were already signing off on transfers over \$2,000). Mr. Kidd noted that in the book, recent transfer cover sheets did not have School Board signatures; Ms. Penny said that the Board did sign authorizations and was not in the book but that she had them if anyone wanted to see them. Mr. Kidd had concern that, whereas there was no language authorizing a Superintendent to sign off on line transfers the Budget Committee had no recourse (to recall a person) if the person signing off on the transfers was not part of the governing body. Dr. Cox-Buteau said that different Districts and attorneys did different things; the Board was authorizing transfers. Ms. Anderson was concerned about the practice of transferring line items through the year, as opposed to over-running a line to see how the budget was going. Ms. Penny agreed. Ms. Anderson said that consensus was that whatever the Budget Committee approved for the bottom line, Departments could spend at-will so she felt seeing the actual budget, even if it was in the red, could allow them to even help with the budgeting. Mr. Kohlhofer said that the School Board could talk about that. Mr. Nygren was concerned about how future Boards might not understand the school budget if it were done that way (going over-budget rather than transferring).

Mr. Cordes was interested in the trust fund idea, which would have to be a Warrant Article. Mr. Nygren agreed but felt that it might not pass a vote. Ms. Anderson suggested a tuition (not expendable) capital reserve fund, funded by a percentage of any surpluses in the tuition line itself; this would not have to come up each year.

Mr. Kidd asked about grants. Dr. Cox-Buteau said that a Grant Committee was researching possible grants, noting that most were for music and STEM. It was difficult to find grants to help with building and

capital improvement. Mr. Janvrin noted that often funds were matching. Mr. Kohlhofer said that the Grant Committee was avoiding looking at those types of grants as well as ones that required future expense.

Mr. Cordes had written a letter on the behalf of the Budget Committee in supported the SAU's efforts towards having a pellet heating system. The SAU has been working with the NH Wood Energy Council, who said that, because the boiler was still young (and might not qualify for a grant), they were not suggesting the consideration of a pellet heating system now. The SAU would like to re-fit the bathrooms at Ellis and look at energy-efficiency, as well as hiring an engineer/architect to assess the whole building. The asbestos in the boiler room would not need to be replaced until the boiler was replaced (there was no harm).

Pat Martel made a motion to accept Mr. Cordes' letter of Budget Committee support for the SAU's pellet heating system initiative. Neal Janvrin seconded the motion. Motion passed 8:0.

Dr. Cox-Buteau mentioned the possibility of reducing two teaching positions due to classroom size. The 4th grade classroom size would be 21 and the 5th grade classroom size would be 22. One of the teachers would be replaced with a math specialist; the other with a .5 Spanish teacher.

Mr. Kohlhofer said that school performance was up, disciplinary issues were down, the school was cleaner, and important maintenance work was being done. It was decided that the Budget Committee would take a tour of the work done at Ellis from 6-7 pm prior to the Budget Committee meeting on November 12, 2014.

There was discussion about enrollment projections and it was noted that the NESDEC projection had enrollment up to 560 by this time, when it was currently only 400, which had been fairly steady. Ms. Anderson suggested doing a recent projection. Dr. Cox-Buteau said this would be necessary when an architect comes in.

The School Board would be discussing the budget on October 30 and November 4, 2014. The Budget Committee would get school budget books by November 7, 2014 and the School Board would meet with the Budget Committee on November 12, 19, and December 3, 10, and 17.

In the hope of getting the teacher's contract passed, Mr. Nygren suggested using some of the reserve for asbestos removal and taking it out of the budget. If the budget were presented lower than anticipated, and this was already paid for, it might help people vote positively. Mr. Cordes agreed and also mentioned the safety issue (of asbestos).

V. UPCOMING/REQUESTED

- Tax rate
- Warrant Articles
- Bottom line Town budgets as they stood now
- Spreadsheet of impact of various levels of pay raises; Selectmen were working on types of performance evaluation.
- Putting a W.A. to purchase fire truck or not (Selectmen were discussing this) – to use capital reserve and raise the rest (Budget Committee consensus was to try for this)
- Future Agenda Item: how to get information out to taxpayers

There was discussion about people's thoughts about going back to Town Meeting. It was noted that voters did not seem to favor long Deliberative Sessions.

Mr. Cordes informed that there was talk about recording meetings on Cable TV. (there were funds available through Comcast for equipment).

VI. NEXT MEETING DATE: NOVEMBER 12, 2014

VII. ADJOURNMENT

At 8:25 PM, Mary Anderson made a motion to adjourn. Gene Cordes seconded the motion. Motion passed 8:0.

Respectfully submitted by, Susan Perry, Budget Committee Secretary

Committee approved on November 19, 2014

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